

IV.C.5. Time Reporting

Activity Code When examining a return containing a tax shelter issue(s), agents should charge their time to Direct Examination Time for that case, just as they would with any other case. However, if an agent is investigating information received from leads, a special Activity Code (Activity Code 529) has been designated for this purpose. Cooperating agents and specialists involved in the investigation should be reminded to apply their time to Activity Code 529 as well.

The definition of “Activity Code 529” follows:

“Time applied by revenue agents and specialists in developing information with respect to a tax shelter promotion or investigation. This does not include time spent on the examination of corporations and individuals that participate in the corporate tax shelter transactions and the promoters of those transactions. Charges of time related to the examination of a return containing a tax shelter issue should be charged to the case, not this activity code. This code is exclusively for developing information from leads.”

Project Codes Project codes are three digit codes used on AIMS to track such things as number of cases closed, hours per case, dollars per case, etc. AIMS uses this information to generate reports to Headquarters which can be used for planning purposes.

The Office of Tax Shelter Analysis (OTSA) uses project codes to determine the origination source of information received on a particular tax shelter or promoter. For example, information could be received from an informant on the Tax Shelter Hotline.

Continued on next page

IV.C.5. Time Reporting, Continued

Project Codes OTSA is currently using five project codes:

1. Project Code 267-Corporate Disclosure Statements for Tax Shelters. These are Disclosure Statements filed with OTSA under Treas. Reg. §1.6011-4T.
2. Project Code 268-Tax Shelter Hotline. This is informant information that OTSA receives from faxes, e-mails, or phone calls to the Tax Shelter Hotline.
3. Project Code 269-Tax Shelter Investor List Projects. These are investor lists that OTSA receives as a result of a promoter audit approved by the LMSB §6700 Committee.
4. Project Code 270-Disclosure Initiative for Tax Shelters. These are investor audits that result from disclosures under Announcement 2002-02.
5. Project Code 114-Tax Shelter Other. This is information that people in the field receive from various sources.

You may also see cases with a 130, 185, or 081 Project Code. Project Code 130 was originally used in conjunction with cases involving Notice 2001-45 (Basis Shift Transactions) that were not received from the Disclosure Initiative Code 270. However, a decision was later made to put those cases under Project Code 270. If you see a return with a Project Code 130, do not change it. However, it is not being used for any new cases coming in.

Project 185 was established for cases that were part of an “OTSA Compliance Information Project” (CIP) that OTSA was involved in early on. There may still be some cases coming in through this CIP, but the vast majority of the cases you will see will have one of the first five Project Codes shown above.

Project 081 was designated years ago to monitor Corporate Owned Life Insurance Cases (COLI). The COLI program was set up prior to the establishment of OTSA. Again, if you see this code, do not change it.

When agents or specialists start a tax shelter examination, they should contact OTSA to determine which Project Code should be used for their particular case.

Continued on next page

IV.C.5. Time Reporting, Continued

Tracking Codes Tracking Codes are four digit codes used on ERCS. ERCS uses these codes to produce reports very similar to those that AIMS produces. OTSA uses tracking codes to monitor progress on each listed transaction. OTSA currently has 17 tracking codes. However, as additional listed transactions are developed, additional tracking codes will be assigned to them.

The names and definitions for the National Tracking Codes are as follows:

1. Tracking Code 9670-Deferred Contribution Plan
Deductions for Contributions to certain Employees' Trust and Defined Contribution Plans (Rev. Rul. 90-105)
2. Tracking Code 9671- VEBA
Voluntary Employee Beneficiary Association (Notice 95-34)
3. Tracking Code 9672-ADR
Abusive Foreign Tax Credit Transactions (Notice 98-5)
4. Tracking Code 9673-Lease Strips
Lease Strips (Notice 95-53)
5. Tracking Code 9674-CINs
Contingent Installment Note Sales (ASA & ACM cases)
6. Tracking Code 9675-Abusive Charitable Remainder Trusts
Abusive Charitable Remainder Trusts (§1.643(a)-8)
7. Tracking Code 9676-LILOs
Lease-In/Lease-Out (LILOs) (Rev. Rul. 99-14)

Continued on next page

IV.C.5. Time Reporting, Continued

- Tracking Codes**
8. Tracking Code 9677-BOSS
Corporate Distributions of Encumbered Property
 9. Tracking Code 9678-Fast Pay Stock
Step Down Preferred/Fast Pay Stock (§1.7701(1)-3)
 10. Tracking Code 9679-Debt Straddles
Debt Straddles (Rev. Rul. 2000-12)
 11. Tracking Code 9767-Son of BOSS
Partnership Transactions involving Artificially High Basis (Notice 2000-44)
 12. Tracking Code 9680-Corporate Stock Compensation Transactions
Corporate Stock Compensation Transactions (Notice 2000-60)
 13. Tracking Code 9681-Guam Resident Trust
Guam Resident Trust (Notice 2000-61)
 14. Tracking Code 9682-Intermediary Transactions
Intermediary Transactions (Notice 2001-16)
 15. Tracking Code 9683-Contingent Liability
Contingent Liability (Notice 2001-17)
 16. Tracking Code 9684-Basis Shifting Transactions
Basis Shifting Transactions (Notice 2001-45)

Continued on next page

IV.C.5. Time Reporting, Continued

Tracking Codes

17. Tracking Code 9685-Other Tax Shelters

Unlisted Tax Shelters or Transactions with Characteristics Found in Known Abusive Tax Shelter Transactions

18. Tracking Code 9686-CARDs

Tax Avoidance using Inflated Basis through Assumption of Liability (Notice 2002-21)

19. Tracking Code 9687-Contingent Swaps

Notional Principal Contracts Generating Current Deductions (Notice 2002-35)

UIL Codes

UIL Codes are assigned to each of the Listed Transactions-as new transactions are designated, additional UIL Codes will be assigned. At the start of an examination, the specific UIL Codes applicable to the particular shelter being worked should be used for BNA or RGS. It is mandatory to use a UIL code for tax shelter cases.

Additionally, for CIC cases, the specific UIL Codes applicable to the particular shelter being worked should be used for CEMIS.

The listing of current UIL Codes is as follows:

9300.01-00 Deductions for Contributions to Certain Employees' Trust and Defined Contribution Plans (Deferred Contribution Plan) (Rev. Rul. 90-105)

9300.02-00 Voluntary Employee Beneficiation Association (VEBA) (Notice 95-34)

9300.03-00 Lease Strips (Notice 95-53)

9300.04-00 Abusive Foreign Tax Credit Transactions (ADR) (Notice 98-5)

Continued on next page

IV.C.5. Time Reporting, Continued

UIL Codes	9300.05-00 Contingent Installment Note Sales (CINs) (ASA & ACM cases)
	9300.06-00 Abusive Charitable Remainder Trusts (§1.643(a)-8)
	9300.07-00 Lease In/Lease-Out (LILOs) (Rev. Rul 99-14)
	9300.10.00 Corporate Distributions of Encumbered Property (BOSS) (Notice 99-59)
	9300.11-00 Step Down Preferred/Fast Pay Stock (§1.7701(1)-3)
	9300.12-00 Debt Straddles (Rev. Rul. 2000-12)
	9300.13-00 Partnership Transactions involving Artificially High Basis (Son of BOSS) (Notice 2000-44)
	9300.14-00 Corporate Stock Compensation Transactions (Notice 2000-60)
	9300.15-00 Guam Resident Trust (Notice 2000-61)
	9300.16-00 Intermediary Transactions (Notice 2001-16)
	9300.17-00 Contingent Liability (Notice 2001-17)
	9300.18-00 Basis Shifting Transactions (Notice 2001-45)
	9300.19-00 Tax Avoidance using Inflated Basis through Assumption of Liability. (CARDS) (Notice 2002-21)
	9300.20.00 Notional Principal Contracts Generating Current Deductions (Contingent Swaps) (Notice 2002-35)
	9300.99-00 Other Tax Shelters
